

VZCZCXYZ0000
RR RUEHWEB

DE RUEHZP #0242/01 0792029
ZNY CCCCC ZZH
R 202029Z MAR 09
FM AMEMBASSY PANAMA
TO RUEHC/SECSTATE WASHDC 3184
INFO RUEHBO/AMEMBASSY BOGOTA 2785
RUEHSJ/AMEMBASSY SAN JOSE 2001
RHMFISS/DEPT OF JUSTICE WASHINGTON DC
RHMFISS/COMDT COGARD WASHINGTON DC
RUEABND/DEA WASHDC
RHMFISS/DIRJIATF SOUTH
RHMFISS/CDR USSOUTHCOM MIAMI FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHMFISS/JOINT STAFF WASHINGTON DC
RHEHAAA/NSC WASHDC
RUEKJCS/SECDEF WASHDC

C O N F I D E N T I A L PANAMA 000242

SIPDIS

E.O. 12958: DECL: 03/20/2019
TAGS: [PGOV](#) [PREL](#) [SNAR](#) [PM](#)
SUBJECT: PANAMA: MURCIA ACCUSATIONS UNLEASH POLITICAL
FIRESTORM

Classified By: Ambassador Barbara J. Stephenson for reasons 1.4 (b) and
(d)

Summary

¶1. (C) The Panamanian Electoral Tribunal (TE) suspended the legal immunity of the leading presidential candidates Ricardo Martinelli and Balbina Herrera March 19, in addition to the front-running candidate for Mayor of Panama City, Roberto "Bobby" Velasquez and Martinelli's attorney, Alma Cortez. The Attorney General, Ana Matilde Gomez, has requested the move so that her office could investigate accusation of corruption lodged against the candidates as a result of claims by accused swindler and money launderer, David Murcia Guzman, that he gave \$3 million dollars to the campaigns of Velasquez and Herrera, both candidates for the ruling Revolutionary Democratic Party (PRD). Herrera has responded by accusing Martinelli's super market chain of being a "narco-candidate" because his super market chain allegedly provided services to Murcia's company, DMG. The action is unprecedented, and has plunged the upcoming May 3 election into uncharted waters. All three candidates can continue to campaign, but they must submit to questions from investigating prosecutors. The elections themselves are apparently not in jeopardy, though it remains to be seen if Herrera or her Vice Presidential running mate Juan Carlos Navarro might resign their candidacies. Either outcome would risk splitting the PRD. Conspiracy theories are multiplying, including those blaming the USG for the PRD's problems. The scandal is also affecting the government, which has now been forced to admit that agents of the Institutional Protection Service (SPI - equivalent of the Secret Service) protected Murcia while he was in Panama. One or even two ministers could eventually be forced to resign as a result. Given the explosive nature of the scandal, and the need to find scapegoats, Post is keeping a distance from both campaigns, so as not to provide the opportunity to tie the USG to events that may end up reshaping the electoral landscape and leave some political groups severely affected, and very angry. End Summary.

Immunity Lifted

¶2. (C) The Panamanian Electoral Tribunal lifted the legal immunity of the two leading presidential candidates March 19,

at the request of Attorney General Ana Matilde Gomez. Gomez is now free to investigate whether leading presidential candidates Ricardo Martinelli (Democratic Change - CD) and Balbina Herrera (PRD), together with leading candidate for Mayor of Panama City Roberto "Bobby" Velasquez and Martinelli's lawyer Alma Cortez (who had been a candidate for National Assembly Deputy and so had immunity) had any criminal dealings with David Guzman Murcia. Murcia is in prison in Colombia charged with running a Ponzi scheme and investigated for money laundering, and now under indictment in the U.S. for money laundering associated with drug trafficking. In separate interviews on March 10 with the two leading Panamanian dailies, La Estrella and La Prensa, Murcia claimed that he had given \$3 million to the campaign of Velasquez, and through him, to Herrera. At first Velasquez denied even knowing Murcia, but has since admitted several elements of Murcia's story, including meeting Murcia in his hotel room and discussing how to contribute money to a political campaign, though he denies taking any money, and other elements have been confirmed by agents of the SPI who were moonlighting as bodyguards for Murcia. The story has filled the newspapers for the last week, as details of Murcia's accusations have been confirmed bit by bit.

The Investigation

13. (C) Eduardo Camacho of the Panamenista party filed a formal request with the A/G's office to investigate Velasquez and Herrera based on Murcia's accusations. Herrera then filed a request that the A/G's office investigate Martinelli,

claiming that stores within his Super 99 chain was a "service provider", along with 134 other companies, to Murcia's company DMG. Herrera's accusation is that if DMG dealt with them in cash, then the companies (especially Super 99) should have suspected money laundering. Since filing the complaint, Herrera has taken to calling Martinelli a "narco-candidate."

Hurry Up and Wait

14. (C) TE magistrate Gerardo Solis told POLFSN that he believed that it was too early in the process to lift the candidate's immunity, but that Gomez had insisted. He noted that Gomez's investigation would take a minimum of two years, and that the only way either candidate could be forced off the ballot would be for them to be "judged, convicted, and all appeals exhausted." He said there was absolutely no way that this could happen in the next two months. He said that if the PRD wants Herrera to bow out and leave Navarro as the candidate, Herrera would have to take the decision, as the PRD had no power to force her off the ticket.

Elections in Danger?

15. (C) Solis said that after hearing rumors "on the street" about postponing the elections he had looked up the law. He found that the May 3 election date is stipulated in the Electoral Code, not the Constitution. Therefore, in theory, the National Assembly could decide to change the law and postpone the date. He said he is not talking about this, in the hope that nobody notices. Solis closed by saying he did not like the strange things that were going on.

Blame the Gringos

16. (C) In her public comments Herrera has concentrated on denying any wrongdoing, while her campaign has questioned why the press was able to talk to Murcia, while Panamanian prosecutors were not. President Torrijo's private secretary Leonel Solis told POLFSN March 17 that members of Balbina's

inner circle were claiming within the PRD that Colombian President Uribe and USG were responsible for the scandal. He said senior Herrera advisor and PRD heavyweight Mitchell Doens and Minister of Public Works Benjamin Colamarco had both come to him claiming that the scandal was part of a plot by Uribe and the USG to prevent Herrera winning the election. According to Solis, they claimed that Uribe had complained to the USG that he could not risk a third leftist leader on his borders, and as a result the USG had orchestrated the Murcia interview and accusations. Colamarco then claimed that the plot extended beyond Herrera to Velasquez because he was ahead in the polls, and made his accusations about the SPI to hurt Torrijos. He said the same story was being told by other members of the PRD's left-wing "Tendencia" faction, including Hector Aleman, Ramiro Vasquez Chambonett, and Pedro Miguel Gonzalez. Solis said he had discussed the claim with President Torrijos, who believes that the claim is aimed at preventing other groups in the PRD, especially those supporting VP nominee Navarro, from abandoning Herrera.

Comment

17. (C) This scandal is a huge black eye for Panama, and could do serious damage to its international reputation as a safe place to do business. And the worst is far from over. The most notable aspect of the scandal is how quickly Murcia's most outlandish claims are being proven true beyond a shadow of a doubt. So far Martinelli is not really hurt by this, as Herrera's claims against him are not well understood by the public, and perhaps not by her either. Murcia's claims against the PRD, on the other hand, are very easy for everyone to understand, and each day another smoking gun is found. That does not mean, however, that Martinelli may not

find himself enmeshed in this scandal to a more serious degree in the future.

18. (C) Which leads to the question, what is behind the TE's decision? Among the possible explanations, is that by having the A/G open an investigation, the two candidates actually move the story off the front pages, as everything becomes subject to investigation, and public comment is understandably unwise. That may give everyone an excuse to back away from the story, and restart the campaign. Herrera was running 15% behind Martinelli before the story broke, and desperately needs the story to disappear, while the wider the press investigation grows, the more likely something may be turned up on Martinelli. Murcia was clearly throwing a lot of money around before his arrest, and it would be surprising if none ended up in Martinelli's accounts.

19. (C) Another possibility is that the PRD is looking for an excuse to take Herrera off the ticket, and allow Navarro to take over. That would allow a real restart to the floundering PRD campaign, and give a serious option to the many people who wish there was another option in this race. This is easier said than done, however, as this would imply turning control of the party over from Herrera's Tendencia group over to Navarro. Given the bad blood between them, this option is only a real possibility if the Herrera camp fears there is so much evidence of wrong-doing out there, that they need to make a deal to protect themselves from prosecution. Given the possibility that this scandal might seriously damage the Tendencia, Post will steer wide of the entire affair, so as not to be "associatable" with this affair in any way.

STEPHENSON